

## **IC 27-15-12**

### **Chapter 12. Effect of Pending Claims on the Distribution of Consideration to Members**

#### **IC 27-15-12-1**

##### **Delay of distribution**

Sec. 1. All or part of the consideration to be distributed to some or all of the eligible members may be delayed by more than six (6) months following the effective date of the plan of conversion if:

- (1) the plan of conversion includes a provision for the establishment of a trust for that purpose; and
- (2) one (1) or more of the following claims have been asserted against a converting mutual and remain unresolved at the effective date of the plan of conversion:
  - (A) A claim seeking the imposition of a constructive or charitable trust on assets of the converting mutual for the benefit of policyholders, members, or other identified or unidentified persons.
  - (B) A claim seeking distribution or return of assets, or other form of compensation, from the converting mutual to policyholders, members, or other identified or unidentified persons.
  - (C) A claim that arises out of or relates to the ownership interest of members of the converting mutual, or to the value of their ownership interests, including any claim that challenges a statutory transaction engaged in by the converting mutual before the effective date of the plan of conversion.

*As added by P.L.94-1999, SEC.3.*

#### **IC 27-15-12-2**

##### **Formation of trust under trust agreement; beneficiaries; satisfaction of claims; reports**

Sec. 2. (a) At the effective date of the plan of conversion, assets adequate to satisfy a claim described in section 1 of this chapter, consisting of the consideration that otherwise would be distributed directly to eligible members, must be placed in trust under a trust agreement in a form approved by the commissioner. The trustee or trustees of the trust shall:

- (1) be appointed by the board of directors of the converting mutual, subject to disapproval of any trustee by the commissioner; and
  - (2) consist of one (1) or more institutions authorized by Indiana law to act as corporate trustees.
- (b) The beneficiaries of the trust:
- (1) are the eligible members who, in the absence of the claims, would have been entitled to the consideration placed in the trust; and
  - (2) may consist of all of the eligible members or specified classes or groups of eligible members.

(c) Assets of the trust shall be made available to pay or otherwise satisfy the claims for which the trust has been established, the expenses of the trust in contesting or resolving those claims, and any other reasonable expenses of the trust. Upon final resolution of the claims, by judgment, settlement or otherwise, or at such other times as may be provided for in the trust agreement, the remaining assets of the trust shall be distributed to the beneficiaries in accordance with their respective interests in the trust.

(d) Until the trust has been terminated, the trustee or trustees shall prepare reports not less frequently than annually, upon termination of the trust, and at such other times as may be requested by the commissioner or the former mutual. The reports must contain information regarding the financial condition of the trust and the status of any resolved and pending claims. The reports shall be provided to the commissioner and the former mutual and the reports or summary reports shall be mailed at least annually to the beneficiaries of the trust at the expense of the trust.

(e) An interest in a trust established under this section does not constitute a security under Indiana law.

(f) The establishment of a trust or pendency of any claim described in this chapter shall not delay or affect the effectiveness of a plan of conversion or an amendment to the articles of incorporation.

*As added by P.L.94-1999, SEC.3.*